Previous references.
G. F. 84—11.
& 21 & 22

1915.

(Gen. Finance)

File No. 45—14

Serial Nos. 1 & 2

Later references.
G. F. 211-1586, 21
R. Jul 1916

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1 & 2

(P) 21/(E)

Part B. for February 1915.

SUBJECT.

Honorarium to Mr C. R. Raghavendra Rao, Accts. for auditing the accounts of the Mysore Tannery conducted by Mr. S. Shamanna.

81. From the Comptroller No. F.R. 120 dt - 12-9-14.

Forwards a report on the audit of the accounts of the Mysore Tannery conducted by Mr S. Shamanna Govt Auditor, assisted by Mr C. R. Raghavendra Rao Accts of this office & Solicits Sanction to the grant of an Honorarium of Rs 80/- to the latter, it being his one month's Salary for extra work done by him

82 G. R. S. 58 To the Comptroller & the Hon'ble Secy. Mysore. January 14 & No. H 4109-10 dt - 16-2-15.

Sanctions the Honorarium recommended above.

Ent. Rs 80/-

G.R.S. 11] 1914-15

GENERAL AND REVENUE SECRETARIAT.

(G.7)

NOTES.

File No. 45

FILE HEADING.

Audit of the Accounts of the Mysore Tannery Ltd

From The Comptroller

No. R 120 Dated 12. 9. 1914. Received 15-9-1914.

Diary No. 1096	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

Forwards a report on the audit of the accounts of the Mysore Tannery Conducted by Mr. S. Sivaramiah, Asst Auditor assisted by Mr. C. M. Raghavendra Rao, Audit of his Office and Solicits Sanction of Govt to the grant of an honorarium of Rs 80/- to Mr. C. M. Raghavendra Rao, it being his one months' salary for the extra work done by him.

NOTES AND ORDERS.

Submitted for orders. Br VI. is dealing with a report on the Tannery by Mr. Chatterton on its industrial standpoint. Submitted for orders.

2) A copy of the audit report has been sent to the Honorary Secy

5/10/14.

NOTES—First Sheet.

GPB—35,000—15 6-12

G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 45 of 1914..

Serial No.

of the Company by the Comptroller and it is presumed he will take steps to rectify the shortcomings pointed out by the auditors - A foot order is not perhaps the place where these can be noticed at length - It seems therefore perhaps be sufficient if the audit report is recorded with the observation that it is expected that the Tammany authorities ~~are expected~~ will rectify the shortcomings pointed out by the auditor -

3) The honorarium of Rs 50 to Mr C.M. Raghaveny Rau recommended by the Comp[y] may be sanctioned -

3/4/14

4) ~~It appears~~ A draft order thereon lies ~~with me~~ put up for appeal & other orders -

16.10.14

(Sd) Devaney

2-0-50
17-10-14

16/10/14

5) I shall be glad to have the views of the Secretary R & G. Depts

20-10-14

(Sd)

6) The general principle governing matters of this kind is contained in Rt 48 (a) of the Mysore Service Regulations,

NOTE—Contn. sheet.

GPB—10,000—13-6-14

DIARY No 1096

1914 1915
SECTION G.H.
FILE No. 45-14.
SERIAL No. 1.

Gl. 17]

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government window dilivery No. 6, Bangalore.

No. R.120.

Encl: One report

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 12th Septr. *1914*.

FROM

J. S. CHAKRAVARTI, ESQ., M. A.,
F. R. A. S., ETC.,
Comptroller to the Government of
His Highness the Maharaja of Mysore.

To

D.M. Narasinga Rao ESQ., B.A., B.L.,
Secretary to the Government of Mysore,
General & Revenue *Department.*

SIR,

With reference to para 2 of Government Order No. Fl.3312-3/G.F.84-11 dated the 19th February 1912 directing, among other things, that the accounts of the Tannery be audited by a nominee of Government, and Government Order No. Fl.5945-7/G.F.84-11-22 dated the 22nd April 1913 appointing Mr. S.Shamanna, Assistant Comptroller, as Government Auditor, I have the honour to forward herewith a copy of the printed note on the audit of accounts of the Company for the calendar year 1913. For the sake of convenience the report is divided into two parts, the first part explaining the general financial situation of the Company and the second containing some of the more important points noticed in the course of audit to which the attention of the Directors may usefully be drawn.

2. The work was done under the general directions of Mr.Shamanna, by Mr. C.M.Raghavendra Rao (Diplomate in Commerce), Accountant of the Public Works & Railway Branch of my office. It took him nine weeks working two hours a day and a full day on Sunday and other

holidays.

Rec.—Gl. 17]

.....Department.

1914.

FROM

J. S. CHAKRAVARTI, ESQ., M. A.,
F. R. A. S., ETC.,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

.....ESQ.,

Secretary to the Govt. of Mysore.

.....*Dept.*

Dated

Despatched 14-9-14

Received

No. 2099/12

Subject matter.

Enclosure to 8(1)

(3

Note on the audit of the accounts of the

MYSORE TANNERY LTD.,

for the year 1912-13

Part::I

The Company was registered in 1908 with a nominal capital of rupees one lakh divided into 200 shares of Rs.500 each. This was subsequently increased to rupees Three Lakhs (30,000 shares of Rs.10 each) by a resolution passed by the Company in 1909. The number of shares subscribed for and the amount paid up on them on the last day of each of the three years ending 1912 are as follows:

	1910	1911	1912
No. of shares	7,659	11,024	16,798
Amount paid up	76,590	88,945	1,49,028

No fresh shares were issued during the year 1913, but the amount paid up reached the figure of Rs.1,55,272/-. Of the above figures Rs.49,070/- represent the value of 4,907 shares taken up by Government and paid up in full. These shares have been taken in pursuance of Government Order No.Fl.3312-3/G.F.84-11 dated the 19th February 1912 by which Government have agreed to help the company by taking up shares to a limit of half the value of the shares subscribed and paid for by the public subject to a maximum of Rs.60,000/-.

2. Buildings and Site

The Tannery site and buildings were valued at Rs.37,325/- in 1911. Small additions have since been

made

was Rs.98,860/- and in 1913 Rs.1,98,950/-.

7. Branches.

There was a Boot Factory ~~xxxx~~ in Madras attached to the Tannery. It has since been removed to the Bangalore Cantonment. Only a Showroom is kept at Madras now. A large stock is kept at Calcutta and it is being organized into a branch. It was said that the policy of the Tannery for the next few years will be to specialize in departments like boots and harness for which there is a perennial demand from the public and to discontinue departments ~~such as~~ for bags for which there will be demand only so long as agents go and canvas orders.

8. Accounts,

The points noticed in checking the accounts are briefly stated in a separate memo (Part II) attached hereto. One of the most important defects was that on several days the balance of cash as shown by the Cash Book did not represent that actually on hand. And, the cash balance shown in the Balance Sheet for 1913, certified by the Auditor and adopted by the General body of members at the annual meeting, is incorrect and put down at Rs.550/- more than that actually on hand.

Part II.

Accounts.

The books of account maintained by the Tannery are:-

1. The Cash Book
2. The Purchase Book
3. The Cash Bill Book
4. The Credit Bill Book
5. The Value-Payable Bill Book
6. The Journal
7. The Personal and General Ledgers
8. The Stock Ledger.

Cash Book.

Items in this book are supported by counterfoils of receipts (for receipts) and vouchers (for payments). Besides recording the actual cash transactions at the Tannery, some items relating to the Madras Factory (a branch of the Tannery) are also entered in this book. Much time was occupied in checking the Cash Book as great difficulty was felt in searching for and picking out vouchers. It will facilitate reference if they are arranged and filed together in book form so as to be readily available. The transactions of the following dates were checked:-

January..	2nd to 16th	July..	17th to 28th
February.	15th to 25th	August.	9th to 20th
March ..	10th to 15th	September	1--5 & 25--30
April ..	12th to 17th	October	6th to 15th
May ..	1--6,22 & 29--31	November	20th to 30th
June ..	3, 9--11& 27--30	December	13--25 &31st

and the following points were noticed:-

(i) These

contractor, Mr. G.S.G. Iyer. That was said to be the arrangement though there was nothing in writing to the effect. Railway freight exceeding ~~Rs.4,000/-~~ Rs.3,400/- has been paid for 1913.

(viii) A soiled currency note for Rs.10/- was sent to the Bank of Madras on the 10th December 1913 and it was not shown in the Cash Book until the 19th December 1913 when the Bank intimated that it was cashed. Thus, the actual cash on hand from the 10th to the 19th December 1913 was less than that shown by the Cash Book.

(ix) Vr. No.2891 for Rs.106-3-0 dated 22nd December 1913 } No voucher was produced as it was said to be mislaid.

(x) On the 25th December 1913 intimation was received from the Madras Factory that railway freight amounting to Rs.115-14-0 was paid on account of the Cantonment Factory. In incorporating it in the head office books, the amount was debited in the Cash Book without a corresponding credit. There were other items of a similar nature aggregating Rs.550/-. The effect of this was that the Cash Book did not show a correct record of the transactions as they happened and the debit side of the Cash Book being unduly

favoured

(ii) The Cash Book of each day may be abstracted and the abstract posted into the Ledger instead of the individual items being posted.

(iii) If the Bank column in the Cash Book is made use of the rounabout way of showing in the Cash Book payments by cheque, will be avoided.

(iv) Cash should be counted by a responsible official every day and the bance should be agreed. It is now said to be left either to the Accountant or some other clerk who counts only occasionally.

The Purchase Book.

In some cases bills were not signed, due to, it was said, the supplier being afraid that his signature would be taken as a receipt.

No scheduled or other rates giving approximate market prices were available to guide in checking the invoices. The cost of buffalo hides variedfrom Rs.7 to Rs.30 each. The variations were said to be due to differences in quality.

An item of Rs.1,198-8-0 being the value of goods returned by Messrs. Thumby & Co. has not been shown in the Purchase Book.

At present purchases, and goods returned by customers

or

agents are clubbed together in the Purchase Book. To record the latter class of items, it will be better to have a 'Returns Inward' Book.

Goods are not brought to the Purchase Book on the dates on which they are received at the Tannery. They are simply recorded in a rough stock book and when bills are received for them---generally some months after the supply---they are brought to the Purchase Book. Thus if hides are supplied by a person for Rs.1,000/- in January, Rs.400/- in March, Rs.300/- in April and &c., he prefers his claim on a bill for Rs.1,700/- in June, the Purchase Book shows in June all the Rs.1,700/-. As entries in accounts books should represent actual transactions as they take place, the correct way would be to debit the articles on the very same dates on which they are received.

Sales

At present there is no Sales Book kept to record sales and information about sales has to be gathered from the Cash, Credit and V.P. Bill Books. It would be better if all sales are brought together in a Sales Day Book maintained in the same way as the Purchase Book.

The

keeping a self-contained ledger for each branch is obvious, as by reference to it one can readily see whether a the branch is self-maintaining or how the branches compare with each other in their working.

The opening and closing balances of the Ledger accounts should also be given instead of showing only the transactions of the year as at present.

Madras Cash Sheet.

The transactions which take place at the Madras Factory are noted in the Madras Cash Sheets which are received at the Head Office every day and they are incorporated in their books of account. They record not only cash transactions but also some Credit and Value-payable sales and return of goods from customers. Some of the cash transactions are taken to the Cash Book and some to the Journal. In doing so, some items are liable to be omitted to be taken to either. This has sometimes occurred and afterwards rectified on comparison. This will be avoided if all items are taken to the Journal, except in cases where actual cash passes from the branch to the head office. or vice versa when they may find a place in the Cash Book. The present way of journalizing in six lines

and

and posting six times in the Ledger to express a single transaction at the Madras Branch involves much clerical labour and is very round about. For example, to express that a cash box worth Rs.15 was purchased at the Madras Factory, the Journal entries would be

	Dr.	Cr.
Cash.. ..	Rs.15-0-0	
To Madras Factory		Rs.15-0-0
Furniture ..	15-0-0	
To Cash ..		15-0-0
Madras Factory ..	15-0-0	
To Furniture ..		15-0-0

This may be simplified by maintaining a Branch Ledger.

The Share Ledger

This does not give all the information usually given such as the number of shares held, the amount due, amount paid, &c. &c.

The Stock Book

When articles are received a receipt is given to the party out of a duplicate receipt book. They are then copied into a rough stock book. This rough book is consulted in checking bills received periodically from the suppliers.

Until the bills are received the articles received are not entered in the Purchase Book and the Stock Ledger. It is necessary to enter them in the registers on the day on which they are received, so that at any time if an examination is made the stock book figures and the actual stock on hand may agree.

The stock ledger accounts were closed in pencil.

The stock receipt book (No.41 dated the 24th March 1913) has been used as a Cash Bill. This is irregular.

Articles of Association.

As per para 6 of the Articles of Association, an under-writing commission not exceeding 2 % of the nominal value of the shares may be given. But a commission of Rs.600-13-0 is adjusted in the accounts as having been paid to one Mahalinga Iyer who is said to have canvassed Rs.7,000/- worth of shares. This is much in excess of that fixed by the Articles of Association.

Para 11 of the Articles of Association does not recognise any trust in respect of any share. But share Nos.10642---51 stand in the name of God Mudugundeswara through S.M. Balasundara Devaru of Mudugunda Village, Kollegal Taluk.

Receipt

Receipt Books.

These are used by (a) the Head Office

(b) The Madras Factory

(c) The agents

(d) The Superintendent and some of the clerks.

They are not serially numbered and used carefully. Receipt books are givenn to clerks for collection of money and they are not received back on their return to headquarters nor are the receipts of money intimated simultaneously to the Head Office. It would be better if the receipt books contain forms in triplicate, one of them to be sent to the head office as an intimation of the money received on the day of receipt. When a fresh book is asked for the old one should be got back and filed in the head office. An examination should be made of the correctness of the foils with the originals whenever opportunities occur, on the return of the receipt book or the return of the official concerned to headquarters.

Gate Passes.

No printed form is used. Scraps of paper, initialled by the Superintendent, Foreman, or any of the clerks are issued to represent Gate Passes. They simply state "Pass"

no reference being made as to whether it is for a bag, or a bundle or a cart load. This does not appear to be quite safe, and seems to require attention

Wages

Wages are now paid on the strength of a roll prepared by the foreman from the attendance register he maintains. It will be useful to have a check over this if attendance is taken by another man at the gate.

Discount

This is sometimes shown as a separate item in the Cash Book and at other times as a deduction from the value of goods sold. Thus the total discount shown in the Profit & Loss account does not represent the actual discount allowed during the year.

A discount of 15 % was said to be allowed to the members of the establishment when they purchased goods. Sanction of the Directors for this was not forthcoming. (It is however, said that in large firms similar concessions are allowed for purchases made for the bona fide personal use of the clerks).

Miscellaneous.

(i) An amount of Rs.93-13-10 has been shown as Trade Charges on 31st December 1913. No voucher was forthcoming

in support of it. It was stated that the amount was due from one C. Hussain Saheb Madras, and as it could not be recovered from him it was shown as Trade charges. If it was so, it should have been shown as Bad Debts written off.

(ii) Rs.29-8-0 value of articles supplied by Messrs. Mackenzie & Co. Printing Rs.48-8-0 ~~Trade~~ charges } These two items relate to 1912, but they

are shown this year because, it is said, they were omitted to be recorded then.

(iii) A sum of Rs.20 is paid every month to the Doctor who attends on the Tannery officials and workmen. This requires the sanction of the Directors.

(iv) One Mr. G.S.G. Iyer--a contractor who supplies raw hide ~~materials~~--sometimes acts as ~~Superintendent~~ the head of the office when none of the three others viz. the Superintendent and the two managers are in the station. As Manager he has to pass for payment bills which he himself submits as a contractor. There are no written orders of the Directors approving of this.

(v) No list is maintained of the Tools, Plant and furniture with the Tannery. They were valued at about Rs.9,000/- on 31st December 1913. And during the annual stock-taking it seems to have been assumed thatt they were alright and

1120

G.R.S. 28]

15/v

File No. 45
Serial No. 2

Diary No. of letter replied to 1096.

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.
( )

, *the* 191

READ—

Letter No ~~2099~~ R120 dated 12th/14 September 1914 from the Comptroller Submitting a report on the audit of the accounts of the Mysore Tannery Ltd for the Calendar year 1913 and recommending that Mr. C.M. Raghavendra Rau Accountant Public Works & Rly Branch of the Comptroller's office who was engaged on

over.

Date of issue 16-2-15

Signed by W Sharandayya

ORDER THEREON.—No.

SUBJECT.

Lw
11/v

this work, out of office hours, for over nine weeks, under the general directions ~~supervision~~ of Mr S. Shamanna Assistant Comptroller may be granted an honorarium of ~~Rs 80~~ one month's salary or Rs 80.

Order thereon. No Fe 4109-10 dy 16-2-1915

1. Recorded.

2. It is understood that a copy of the auditor's report has been sent to the Honorary Secretary of the Mysore Tannery Ltd and Govt trust that the Tannery authorities will take steps to rectify the shortcomings pointed out in the audit report.

3. The honorarium of Rs 80 recommended to the accountant engaged ~~on~~ for this work is sanctioned and it will be met out of the ~~contingent~~ grant for Contingencies in the Comptroller's office.

16/10

To send.

10.2.5.

16/10

GPB -20,000—2-10-11

To. The Comptroller Mysore fort
The Honorary Secretary Mysore Tannery Ltd.

R2 1612 Gfz